



DEPARTMENT OF THE NAVY

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9 Sep 04

MEMORANDUM FOR DISTRIBUTION

From: Director of Naval Education and Training (OPNAV N00T)


Subj: PROGRAM REVIEW GUIDANCE FOR INDIVIDUAL TRAINING AND
EDUCATION PR-07 DEVELOPMENT

Encl: (1) Program Review Guidance

1. This memorandum forwards guidance critical to development of PR-07 for Individual Training and Education (T&E). Reviews of designated programs and focus areas will be conducted as discussed in enclosure (1) to ensure requirements remain valid and that appropriate funding and end strength are available to support anticipated student throughput and other program requirements.

2. All programs will be assessed to obtain a better understanding of current and required capabilities, to ensure resources are aligned with organizational strategies, and to evaluate trade-offs in capability and risk to ensure resources are allocated to meet the highest priority requirements. Data collected through the program review process will become the primary input for building the Sponsor Capability Plan and the Sponsor Program Proposal. Up to five unfunded issues may be submitted for consideration using an on-line system. The funding baseline reference for submitting issues will be File Year 2006 through Transaction Code BR00.

3. A team from NETC will visit each component command during September 2004 to discuss PR-07, assist with program reviews, issue paper submission and to answer questions. Points of contact are Mr. John McCloud (N00TX), (703) 602-5164 (DSN 332) or email john.mcloud@navy.mil. and Mr. Jim Bouzios (NETC N81) (850) 452-4984 (DSN 922) or email jim.bouzios@navy.mil.


A. G. HARMS, JR.
Director of Naval Education
and Training

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PLANNING AND PROGRAMMING GUIDANCE

DEVELOPMENT OF PR-07

INDIVIDUAL TRAINING AND EDUCATION (T&E)

**Director, Naval Education and Training
(CNO N00T)**

**Commander, Naval Education and Training Command
(NETC)**

September 2004

Enclosure (1)

Purpose

This document provides initial guidance to NETC component commands and program managers for planning and programming resources during the FY07 Program Review (PR-07) process.

Background

Through the Planning, Programming, Budgeting and Execution System, Navy determines its priorities for program funding and allocates resources and end strength two fiscal years in advance of executing approved plans to support validated requirements. N00T is the Navy's resource sponsor for T&E and has primary responsibility for planning and programming resources to support fleet requirements for both active duty and reserve personnel. NETC is responsible for conducting program reviews, collecting data and developing future capability options in support of the resource sponsor and in coordination with component commands and program managers. These inputs become the primary basis for developing the Integrated Sponsor Capability Plan and the Sponsor Program Proposal, which are presented to the Navy 3 Star Board of Directors and the Chief of Naval Operations.

T&E Planning and Programming Process. The planning and programming process for T&E shown in Figure 1 is described below.

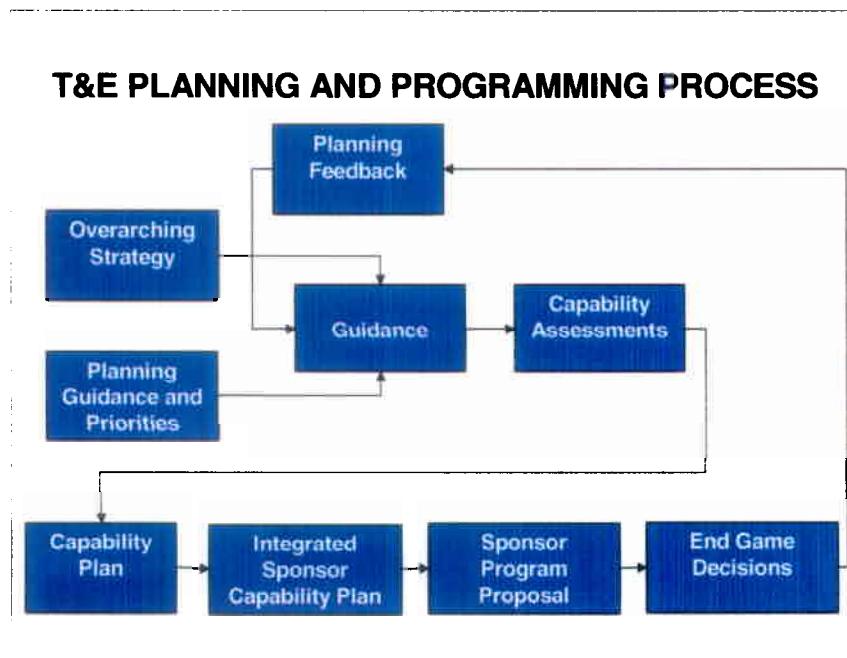


Figure 1

1. Planning Feedback - The primary purpose of this step is to provide feedback related to the previous planning and programming cycle and feedback throughout the current cycle.

A. Results of POM-06 - The following narrative summarizes the primary adjustments made in POM-06. See Attachment 1 for specific program funding adjustments.

- Accessions Training
 - Adjusted student levels and funding at Recruit Training Command and Officer Accession programs to fully support reduced Navy active duty end strength requirements
- Specialized Skills Training
 - Added funding to support implementation of the Revolution in Training (RIT) to reduce student time and produce the highly educated and versatile Sailor needed to man the more efficient and effective ships under Sea Power 21, while reducing student and staff/instructor levels to reflect RIT savings
- Flight Training
 - Adjusted funding for Flight Training to meet Naval pilot and flight officer production requirements throughout the FYDP, achieving significant maintenance contract efficiencies in the process
 - Programmed for implementation of a Human Capital Strategy which will reduce pilot and NFO requirements, and which must be fully developed and implemented to preclude adverse budget impacts in FY06 and out
- Professional Military Education
 - Increased funding to provide expanded opportunities for Professional Military Education and Graduate Education for unrestricted line officers through a blend of full-time, part-time and off-duty initiatives
 - Full funding of additional student billets must be identified and programmed in PR-07
- Off-Duty/Voluntary Education
 - Fully funded Navy Off-Duty education requirements and Navy Executive Agent support for the Defense Activity for Non-Traditional Education Support (DANTES) to provide better trained and educated Sailors in support of Sea Power 21

B. POM-06 Survey Results – NETC N81 solicited feedback on the POM-06 process from component commands and program managers. Overall, feedback was positive and informative. Site visits, feedback, headquarters accessibility and effective uses of information provided were favorably rated. However, respondents expressed concerns in the areas of timing, deadlines, briefing formats, templates and clear guidance. Responses to survey questions are shown in Attachment 2. This feedback will be incorporated into the PR-07 process to make improvements.

C. On-Going Feedback - N00T and NETC will provide feedback and additional guidance throughout the planning and programming process.

2. Overarching Strategy – Programs and resources should be aligned with overarching strategies. These strategies include DoD/DoN Transformation Road Maps, CNO Goals and Guidance, Sea Power 21, Fleet Response Plan, Fleet Training Strategy, CNO N6/N7 Pillars, CNO Redesign of the Naval Reserve Human Capital Strategy and NETC/Command strategic plans.

Planning Guidance and Priorities – There is no specific PR-07 Defense Planning Guidance or OPNAV level guidance currently available. Historically, guidance is issued and disseminated later in the process when available. However, there will be an emphasis on performance models, cost-based capability analysis to determine levels of investment opportunities, reducing the cost of readiness and improving productivity. Based on experience with the past two programming cycles, addressees should identify strategies to implement a five percent reduction in funding and the impacts of these reductions. Also, be prepared to address other shore manpower and infrastructure reductions to include an aggressive review of planned MILCON projects.

CNO N1 is conducting PR-07 manpower strategy meetings. Current discussions call for submission of any unfunded manpower requirements (with associated offsets) and resubmission of intelligent target civilian substitution issues during October 2004. NETC N01HR will coordinate these inputs.

3. Guidance for Capability Assessments – Capability assessments are the primary method to ensure the POM/PR adequately reflects program priorities for funding and proper allocation of resources. The capability assessment consists of three primary outputs including Tier 1 Program Review, Tier 2 Program Review and Capability Plan. The program reviews are conducted to ensure requirements remain valid and that appropriate funding and end strength are available to support anticipated student throughput and program requirements. All T&E programs will be assessed to obtain a better understanding of current and required capabilities, to ensure resources are aligned with organizational strategies, to determine their relative value with respect to validated priorities and to evaluate trade-offs in capability and risk. The prioritization process should encompass entire programs rather than unfundeds alone.

- A. Program Reviews - The Tier 1 Program Review consists of detailed reviews of designated programs by the Echelon II/III program manager. This phase is designed to provide N00T/NETC senior managers with program details. Tier 1 briefs will be conducted at the Echelon II/III program managers' sites. Unfunded issues will be submitted on-line via the Internet during the Tier 1 process. Additional guidance on submission of issues and procedures for Tier 1 briefs will be issued separately.

The Tier 2 Program Review briefings will be presented by NETC N81 to the CNETC, Component Commanders, Deputy Director Naval Education and Training and NETC Comptroller. The format for Tier 1 and Tier 2 reviews is presented in the capability assessment approach in paragraph 3.C.

- B. **Capability Plan (CP)** – Component commanders and program managers will conduct cost-based capability analysis on performance level options defined by N00T. The objectives of this analysis are to determine the point where additional investment results in diminishing capability, to examine risk for a given level of investment and to identify efficiencies or improvements that can increase capability.

NETC N81 in conjunction with N00T will incorporate program review data and cost-based capability analysis into the CP. The CP will be the primary input for developing the Integrated Sponsor Capability Plan.

- C. **Capability Assessment Approach** - Component commanders and program managers will conduct thorough reviews of all programs and focus areas listed in Attachment 3 using the assessment approach shown in Figure 2.

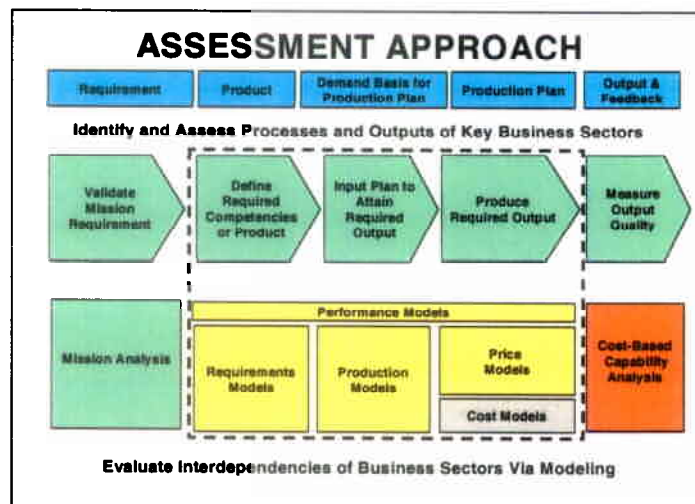


Figure 2

The Mission Analysis focuses on the key business sectors discussed below:

- 1) **Validate Mission Requirement** – All T&E programs must be justified by a valid mission requirement or need such as:
 - Fleet mission tasking (JMETLs, NMETLs, ROC/POE, etc.)
 - Policy (DoD, CJCS and DoN Directives)
 - Statute (Title 10 U.S. Code)
 - Strategy (Strategic Planning Documents, Sea Power 21, CNO Guidance, etc.)
- 2) **Define Skills or Product** – Discuss how skill sets are determined. Define the methodology used and identify stakeholders. Evaluate the effectiveness of the methodology used to define the end product or the

competencies that must be developed as a result of the training or education. Make a determination of the extent to which skills meet Fleet requirements and the Human Performance Systems Model is being applied. Factors making product definition difficult should be identified (e.g. changing environment, vague fleet requirement, etc.) along with the risks associated with inaccurate product definition.

- 3) *Input Plan to Attain Required Output* – Discuss the methodology used to project inputs, define the methodology and identify stakeholders. Ensure discussion provides status of performance model development. Evaluate the effectiveness of the methodology used to project the input requirement. Identify factors making input projection difficult and opportunities to improve the input projection process. Additionally, identify the risks associated with inaccurate input projections.
- 4) *Produce Required Output* – Determine the capability to produce the right quantity and quality output or product. The evaluation should include a status of performance model development and detailed workload and resource data. These details should include the manpower, equipment, supplies and funding used to produce the required output. Define methodology, discuss the process used to prioritize requirements and evaluate capacity and infrastructure. Identify the resources required to meet capacity and any unfunded requirements. All new resources should be offset by a reduction of resources in other areas. Manpower (end strength and funding by appropriation) should be categorized as military, civilian and contractor. Manpower requirements should be consistent with the NETC Human Capital Strategy. Be sure to include requirements associated with the Individuals Account (student billets). Define the process or mechanism used to prioritize workload or requirements and ensure entire programs are prioritized rather than just unfunded requirements.

O&MN funding requirements should be specific (e.g. equipment, TTE, maintenance, etc.). Also highlight those resources used in production that come from other Claimants having a direct impact on production capability. Factors making production difficult should be identified along with the risks associated with insufficient capability or capacity.

- 5) *Measure Output Quality* – Discuss how product quality is determined. Define the methodology used, evaluate the effectiveness of the methodology and identify stakeholders. Determine the extent to which product quality meets Fleet requirements and the extent to which the Human Performance Systems Model (HPSM) process is used to measure product quality. Identify efforts to incorporate feedback to improve the production processes and identify all feedback mechanisms and actions taken to address problem areas identified by

customers. Also identify factors making measurement difficult and the risks associated with not effectively measuring product quality.

- 6) *Performance Model Status* – Provide current status of performance model development efforts. Where models exist, they should be used as a basis for developing performance level options and conducting cost-based capability analyses.
- 7) *Cost-Based Capability Analysis* is conducted after Tier 1 and Tier 2 program reviews. It is used to show the relationship between a program's capability (dependent variable) and cost (independent variable). This analysis goes beyond establishing the relationship between cost and capability for a single data point in the program of record and involves understanding the relationship between cost and capability across multiple capability options. The objectives of cost based capability analysis are to:
 - Determine if there is a “knee” in the cost-capability curve that indicates a point where additional investment results in diminishing capability return.
 - Examine the magnitude of the capability degradation, or risk, for a given reduction in investment.
 - Show where an increase of capability can be achieved at a relatively low cost by changes in tactics, business efficiencies, or technology improvements.

Ideally, cost-based capability models should be based on performance models that have undergone the formal verification, validation and accreditation process. It is recognized that most programs will not have fully accredited performance models for PR-07.

- D. Integrated Sponsor Capability Plan (ISCP) – The ISCP is developed by N00T in conjunction with NETC. The ISCP identifies N00T and NETC capability to meet current and emergent requirements in addition to providing strategies to meet those requirements. While the emphasis is on capabilities rather than funding, the ISCP also highlights major funding and manpower shortfalls and identifies potential offsets. N00T will develop and present the ISCP briefing to the 2-Star Board of Directors (BOD), the 3-Star BOD and the CNO Forum. This briefing will demonstrate how bills can be paid internally and it will provide options at reduced capability and funding levels. An ISCP document is prepared and signed out by N00T after the ISCP briefs are presented.
- E. Sponsor Program Proposal (SPP) – The SPP refines capability options based on BOD and CNO input to the ISCP. Program proposal alternatives are developed and highlighted in the SPP, with detailed proposed funding adjustments within N00T funding controls. N00T develops a briefing for

presentation to the 3-Star BOD and the CNO. Updates are made in the Programming and Budgeting Information System (PBIS) at this stage.

- F. End Game Decisions – This is the final step in the planning and programming process. CNO N80 balances all resource sponsor submissions against CNO and SECNAV priorities within the Navy TOA, and proposes specific funding adjustments to meet those controls. The CNO forum (CNO chair plus VCNO & 3-Stars) and 3-Star BOD (DNS chair plus 3-Stars) reviews program decision recommendations and the CNO ultimately makes a final decision.

PR-07 Timeline

The table below displays the timeline for the PR-07 planning and programming process.

Event	Estimated Start Date	Estimated End Date
PR-07 Kick-Off Site Visits	13 SEP 04	30 SEP 04
Capability Assessments		
Tier 1 Briefings	1 OCT 04	15 NOV 04
Tier 2 Briefings	16 NOV 04	15 DEC 04
CP Briefing	15 DEC 04	15 JAN 05
CP Document	15 DEC 04	1 FEB 05
ISCP Briefing	15 JAN 05	1 MAR 05
SPP Briefing	1 MAR 05	20 APR 05

Note: There will be a parallel manpower process working with its own discrete deadlines.

Major POM-06 Program Adjustments

"WHAT'S IN"		
	FY06	FYDP
Above Core		
Flight Training	\$63.7M	\$517.1M
PME IA	\$4.4M	\$122.8M
Core Requirements		
Requirements Holding Account	\$0.0M	\$7.4M
MPN Pricing	\$70.7M	\$507.9M
Homeland Defense	\$8.9M	\$26.6M
Flight Training	\$39.3M	\$257.4M
AEGIS Training	\$4.0M	\$52.1M
Human Performance Center	\$15.1M	\$87.5M
Navy Knowledge Online	\$8.7M	\$43.0M
RIT Content	\$0.1M	\$332.7M
NSTC Operations	\$1.3M	\$5.7M
NPME	\$4.2M	\$14.2M
Graduate Education	\$2.5M	\$18.1M
NPS	\$6.8M	\$44.7M
NWC	\$5.0M	\$35.6M
PME IA / Staff MPN	\$1.9M	\$17.2M
Senior Enlisted Academy	\$2.3M	\$19.6M
Tuition Assistance	\$4.4M	\$226.8M
DANTES	\$8.6M	\$52.7M
Total Core Requirements	\$183.8M	\$1,749.2M
Net Increase	\$45.8M	\$487.1M

Note: Specific adjustments are reflected in NAVCOMPT budget controls issued for FY06.

Major POM-06 Program Adjustments

"WHAT'S OUT"		
	FY06	FYDP
Cost Avoidance		
RIT IA Cost Avoidance	\$100.2M	\$1,784.1M
Core Offsets		
Requirements Holding Account Offset	\$0.0M	\$5.9M
RIT IA Savings	\$29.3M	\$111.0M
RIT Staff / Instructor Savings	\$8.3M	\$239.0M
Reserve CIVSUB	\$0.9M	\$11.0M
Flight Efficiencies	\$46.7M	\$333.2M
RTC 35K Accessions/54 Day Boot Camp	\$17.0M	\$164.5M
35K Accessions "A" School IA Savings (NPDC)	\$20.9M	\$249.7M
Awaiting Transfer IA Efficiencies (NPDC)	\$2.7M	\$32.1M
Restructure NROTC Program	\$7.3M	\$72.4M
Restructure Grad Ed Programs (DC Intern)	\$2.0M	\$23.9M
Eliminate Low Usage Learning Centers	\$0.3M	\$1.3M
NJROTC Savings	\$2.6M	\$13.2M
Other (Non-NETC)	\$0.0M	\$4.9M
Total Core Offsets	\$138.0M	\$1,262.1M

Attachment 1

POM-06 Survey Results

Item	Statement	Avg
1	Overall planning guidance was clear and concise	3.67
2	POM/PR site visits are helpful	4.22
3	The program review process works efficiently and effectively	3.56
4	Briefing formats / templates were helpful and user-friendly	3.67
5	Timelines and deadlines were reasonable	3.44
6	N00T/NETC staffs were helpful and accessible	4.57
7	N00T and NETC clearly state priorities/needs and communicate expectations throughout the PR process	3.56
8	Sufficient time, guidance and resources were provided to successfully develop Tier I briefings	3.33
9	Overall, the Tier I briefing was useful and added value to the process	3.89
10	You were provided feedback on your Tier I brief	4.33
11	This feedback was helpful	3.89
12	The NETC PPBS issue submission process is user-friendly and properly formatted to highlight your program issues	3.67
13	The information you provided was effectively used in the POM-06 decision making process	4.38

1 – Strongly Disagree

5 – Strongly Agree

Programs Designated for Review

1. NWC - Professional Military Education (PME)
 - a. Resident Programs
 - b. Non-Resident Programs
 - c. Research and War Gaming
 - d. Strategic Studies Group
2. NPS – PME
 - a. Resident Graduate Education
 - b. Distributed Education
 - c. Reimbursable Research and Education
3. NETC N5 - Other PME
 - a. Graduate Education Voucher Program
 - b. Officer Scholarship Program
 - c. Olmsted Scholarship Program
 - d. Executive Training Program
 - e. Fellows Programs
 - f. Advanced Education (Enlisted Education Program)
 - g. Enlisted JPME and NPME
 - h. Business Education Requirements
4. NETC N5 – Voluntary Education
 - a. Tuition Assistance
 - b. DANTES
 - c. Navy College Offices
 - d. Academic Skills
 - e. Navy College Program for Afloat College Education
5. CNATRA - Flight Training
 - a. Undergraduate Pilot
 - b. Naval Flight Officer
 - c. Enlisted Aircrew
 - d. Rescue Swimmer
 - e. Unmanned Aerial Vehicles
6. NSTC – Enlisted Accession Training
 - a. Recruit Training

7. NSTC Officer Accession Training
 - a. Seaman to Admiral-21
 - b. Officer Candidate School
 - c. Reserve Officers Training Corps
 - d. Officer Indoctrination School
 - e. Direct Commission Officer Indoctrination Course
 - f. Limited Duty Officer/Chief Warrant Officer Course
 - g. Navy Junior Reserve Officers Training Corps
8. NPDC
 - a. Skills Training
 - b. Navy Officer PME
 - c. Leadership
 - d. Code of Conduct Training
 - e. Personnel Recovery Training
 - f. Defense Language Education
9. HPC - Human Performance
10. NETPDTC - Programs and Staff (Excluding VOLED and IT)
11. NETC N6 - Information Technology

Focus Areas

1. Flight Human Capital Strategy
2. RIT / Integrated Learning Environment
 - a. Track Progress
 - b. Projected Cost
 - c. Assess Plan
 - d. Content Development and Management
 - e. Learning Management
 - f. Intelligent Delivery Systems
 - g. Navy Knowledge Online
3. Professional Military Education
 - a. Increased Capacity vs. Utilization
 - b. Navy Commitment to Increased Capacity
 - c. Increase Naval Reserve Access
4. NROTC Impact on Nuclear Field
5. Research and Development / Science and Technology
6. Manpower
 - a. Individuals Account
 - b. Staff and Instructors (enlisted, officer and civilian end strength)
 - c. FFC Zero-Based Review of Naval Reserve Manpower
7. Selected Reserve Initial Activity Duty Training

Standard Risk Assessment Framework

Step 1 - Identify the likely outcomes

The following are examples:

- Reduction in the Knowledge and Skill Levels of Graduates / Trainees
- Not Producing the Required Number of Graduates / Trainees
- Increase in Attrition or Setbacks
- Not Generating Business Efficiencies
 - Not Meeting Required IA Goals
 - Causing Bottlenecks
 - Higher Cost of Doing Business
 - Shifting Cost to Other Claimant
- Negative Impact on Morale
- Personal Injury
- Loss of Equipment/Systems
- Not Fully Complying With Legislative/Regulatory/Policy Requirements

Step 2 - Assign Level of Severity to Each Outcome

Severity is ranked in qualitative terms and can be assessed with the following standard categories:

Category	Description
I	Death, loss of asset or grave damage to national interests and mission critical capability.
II	Severe injury, property damage, or partial loss of mission critical capability.
III	Minor injury, property damage or minimal reduction in mission critical capability.
IV	Minimal threat to personnel safety, property and no reduction in mission critical capability.

Step 3 - Assign Probability of Occurrence

Estimate the probability of the outcome resulting in loss. Express the level of probability using the following levels:

Category	Description
A	Almost certain to occur immediately or within a short period of time
B	Very likely to occur in time. Expected to occur several times to an individual item or person or frequently to a fleet, inventory or group
C	May occur in time. Can reasonably be expected to occur over a long time to an individual item or person or several times to a fleet, inventory or group
D	Unlikely to occur

Step 4 - Assign Risk Assessment Code

Once severity and probability have been evaluated for each of the several outcomes you have developed, you can determine the risk for each. Use the Risk Assessment Matrix to combine the severity and probability estimates to generate a Risk Assessment Code (RAC).

Risk Matrix		Probability			
		A	B	C	D
		Likely	Probably	May	Unlikely
Severity	I	1	1	2	3
	II	1	2	3	4
	III	2	3	4	5
	IV	3	4	5	5

Risk Assessment Code (RAC) Legend

1/Critical	2/Serious	3/Moderate	4/Minor	5/Negligible
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Step 5 - Summarize Results

Using the following table as an example, summarize the outcome, risk assessment code, and add any relevant comments for the scenario or alternative being considered.

Outcome	RAC	Comments
Increase in attrition or setbacks	3	Increase in setbacks due to increase in PT failures
Negative Impact on Morale	4	Increased work day increases fatigue for both instructors and students
Personal Injury	1	Decreases in lab instructors in the past has caused an increase in students getting shocked or injured using energized equipment